

Message Text

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ACTION EB-07

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PM-03 NSC-05 SP-02 SS-15 RSC-01 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PA-01

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TO SECSTATE WASHDC IMMEDIATE 3625

INFO AMEMBASSY BUENOS AIRES

LIMITED OFFICIAL USE SECTION 1 OF 2 LIMA 0643

E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: CIVAIR - AEROPERU AND PRESS ATTACK US CIVAIR POSITION,
AS GOVERNMENT-TO-GOVERNMENT TALKS CONTINUE

REF: LIMA 621

1. SUMMARY - AEROPERU ISSUED PRESS STATEMENT DATED JANUARY 22, WHICH CARRIED BY PRESS ON JANUARY 23, ATTACKING BRANIFF'S POSITION IN CURRENT CIVAIR NEGOTIATIONS AND CONTRASTING THAT POSITION WITH USG EFFORTS REDUCE FREQUENCIES OF CERTAIN EUROPEAN TRANS-ATLANTIC CARRIERS. STATEMENT WAS ACCOMPANIED BY HEAVY PRESS COVERAGE UNDER SUCH HEADLINES AS "BRANIFF THREATENS PERU AND SUSPENDS ALL ITS FLIGHTS" (GOP-OWNED "LA CRONICA"). SUBSEQUENTLY, PRESS INTERVIEWED AIR MINISTER GILARDI, WHOSE REMARKS WERE ONLY SLIGHTLY LESS CRITICAL. IN RESPONSE EMBASSY ISSUED PRESS RELEASE TO BALANCE THE RECORD. GOVERNMENT-TO-GOVERNMENT TALKS ARE SCHEDULED TO RESUME TODAY, AND GOP APPARENTLY IS SENDING DELEGATION TO WASHINGTON FOR CONTINUED TALKS THERE NEXT WEEK. END SUMMARY.

2. UNDER LARGE HEADLINES, LIMA PRESS JANUARY 23 PRINTED
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AEROPERU PRESS RELEASE DEFENDING GOP POSITION IN CURRENT

CIVAIR NEGOTIATIONS AND ATTACKING BRANIFF. STATEMENT SAID THAT EVER SINCE FORMATION OF AEROPERU, GOP HAS BEEN REVISING CIVAIR TRANSPORT PERMITS WITH FOREIGN AIRLINES WITH VIEW TO PROTECTING AEROPERU'S SHARE OF "NATURAL RESOURCE" REPRESENTED BY VOLUME OF PASSENGER TRAFFIC WHICH PERU GENERATES. GOP SEEKS EQUILIBRIUM BASED ON FORTY PERCENT FOR AEROPERU, FORTY PER CENT FOR FOREIGN CARRIER AND 3RD AND 4TH FREEDOM TRAFFIC, AND TWENTY PERCENT FOR FIFTH FREEDOM TRAFFIC TRANSPORTED BY THIRD COUNTRY CARRIERS. STATEMENT THEN SELECTIVELY CONTRASTED GENERAL EQUILIBRIUM BETWEEN AEROPERU AND A NUMBER OF FOREIGN CARRIERS WITH "ER" BRANIFF VERSUS "7" AEROPERU FLIGHTS BETWEEN US AND PERU. FOREIGN CARRIERS, CONTINUED STATEMENT, HAVE IN GENERAL ACCEPTED GOP POSITION WHILE BRANIFF REMAINS DEFIANT; BRANIFF'S POSITION IS RENDERED EVEN MORE UNJUST WHEN CONTRASTED AGAINST RESTRICTIONS US SEEKS TO IMPOSE ON KLM, SAS AND SWISSAIR IN TRANS-ATLANTIC SERVICE.

3. AEROPERU STATEMENT CONTINUES THAT CONVERSATIONS BETWEEN AEROPERU AND BRANIFF "HAVE TERMINATED WITHOUT ANY AGREEMENT," BRANIFF BEGAN AND ENDED THE TALKS BY STATING THAT IT WOULD INTERRUPT SERVICE TO PERU AND MOREOVER WOULD ASK USG TO SUSPEND AEROPERU SERVICE TO THE US. (NOTE: BRANIFF STATEMENTS IN FACT ONLY NOTED THAT CONTINUED IMPASSE COULD LEAD TO SUSPENSION OF SERVICE.) CITING US PRESS REPORTS, STATEMENT SAID IT IS NOT TRUE THAT BRANIFF ACCEPTANCE OF REDUCTION OF FREQUENCIES WOULD LEAD TO "A DANGEROUS PRECEDENT FOR COMMERCIAL AVIATION IN THE REST OF LATIN AMERICA" SINCE IN FACT BRANIFF ALREADY HAS ROUGH PARITY WITH OTHER LA FLAG CARRIERS. STATEMENT ADDED THAT IT IS ALSO UNTRUE THAT BRANIFF HAS TO PAY TWENTY PERCENT, BUT THEN WENT ON TO SAY THAT OTHER CARRIERS HAVE ACCEPTED COMPENSATION FORMULA, WHILE BRANIFF HAS REFUSED TO DO SO ON "32 OF THE 34 FREQUENCIES IT OPERATES." STATEMENT CONCLUDED "BRANIFF'S THREAT TO SUSPEND SERVICES AS OF FEBRUARY 1 IS UNACCEPTABLE. WE CANNOT BELIEVE THAT USG WILL CARRY OUT BRANIFF'S THREAT AND SUSPEND AEROPERU'S FLIGHTS TO US SOLELY BECAUSE THAT AIRLINE, BY ITS OWN DECISION, MAY WITHDRAW FROM PERU, SINCE OTHER AIRLINES OF SAID COUNTRY MAY WISH TO OPERATE THE FREQUENCIES LIMITED OFFICIAL USE

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BRANIFF OFFERS. BUT EVEN IN SUCH AN INSTANCE, WHICH WOULD CONSTITUTE AN UNSEPARABLE AFFRONT TO PERU, THE TRANSPORT OF PASSENGERS BETWEEN PERU AND US WOULD BE REASONABLY ATTENDED BY THE OTHER AIRLINES THAT OPERATE BETWEEN THE TWO COUNTRIES."

4. STATEMENT RECEIVED HEAVY PLAY JANUARY 23 IN GOP-CONTROLLED PRESS. GOP-OWNED "LA CRONICA" HEADLINED

"BRANIFF THREATENS PERU AND SUSPENDS ALL SERVICES - ASKS USG TO CANCEL AERO PERU PERMIT." INSIDE PAGES GAVE HEAVE COVERAGE TO GOP POLICY OF CIVIL AIR PARITY, CONVEYING IMPRESSION THAT IT IS INTERNATIONAL NORM WHICH BRANIFF AND USG SEEK TO FLOUT. "LA CRONICA" ALSO PRINGED REASONABLY ACCURATE CHRONOLOGY OF NEGOTIATIONS, CITING POSITIONS OF TWO AIRLINES, ALTHOUGH AT ONE POINT IT STATED BRANIFF'S PROPOSAL AS SEEKING INCREASE OF FROM 34 TO 42 FREQUENCIES AND PROPOSING SHARED CAPACITY FORMULA "WHICH WOULD RELEGATE AEROPERU TO POSITION OF UNACCEPTABLE DEPENDENCY." (NOTE: IN FACT, AEROPERU COUNTER-PROPOSAL ACCEPTED SHARED CAPACITY CONCEPT SO WHOLEHEARTEDLY THAT ITS VERSION OF IT WOULD HAVE CONSTITUTED POOLING ARRANGEMENT UNACCEPTABLE UNDER US LAW.) COVERAGE IN REST OF PRESS WAS LESS EXTENSIVE, BUT UNDER HEADLINES SUCH AS "AEROPERU REJECTS BRANIFF THREAT" ("EXPRESO") AND "BRANIFF SUSPENDS FLIGHTS TO PERU AS OF FEBRUARY" ("LA PRENSA"). "LA PRENSA" ALSO PRINTED EDITORIAL UNDER HEADING "AIR SPACE PREPONDERANCE" IN WHICH IT REFERRED TO IMBALANCE IN FREQUENCIES AND TO UNSPECIFIED "RESTRICTIONS" WHICH USG HAS IMPOSED ON AEROPERU. SUCH "RESTRICTIONS" WERE ALSO VAGUELY REFERRED TO ELSEWHERE IN PRESS.

5. AT MID-DAY JANUARY 23, AIR MINISTER GILARDI ALSO MADE STATEMENT ON THE NEGOTIATIONS "IN RESPONSE TO A REPORTER'S QUESTION". (NOTE: CHARGE HAS SINCE JANUARY 21 BEEN SEEKING TO OBTAIN APPOINTMENT WITH GILARDI TO DISCUSS NEGOTIATIONS.) GILARDI RECITED PARITY LINE AND SAID BRANIFF "CAPRICES" HAD REACHED EXTREME OF BLOCKING ACCORD AS OF JANUARY 22. "THEY HAVE BROKEN OFF TALKS AND HAVE LIMITED THEMSELVES TO STATING THAT SINCE PERU DOES NOT WISH TO YIELD TO THEIR PRETENSIONS OF UNEQUAL AND EXORBITANT USUFRUCT, IN THEIR COUNTRY THEY WILL RECOMMEND LIMITED OFFICIAL USE

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THAT THEIR GOVERNMENT IMPEDE THE ENTRANCE OF AEROPERU INTO THE US. THE SITUATION IS EVEN MORE ARBITRARY SINCE BRANIFF IS NOTHING BUT A MERE COMPANY, BIG AS IT IS, AND HAS NEITHER VOICE NOR VOTE IN THE USG. CONSEQUENTLY, IF (THE USG SHOULD ADOPT) SUCH AN ATTITUDE, PERU WILL DEFINITELY PERMIT NO OTHER AMERICAN COMPANIES TO ENTER HERE, BECAUSE WE CAN'T BE SUBJECTED TO THIS TYPE OF COLONIALISM AT THIS TIME." ASKED IF TALKS WOULD BE RESUMED AT THE GOVERNMENT-TO-GOVERNMENT LEVEL, GILARDI REPLIED, "WE ARE NOT THE ONES THAT CREATE THE PROBLEMS. WEHAT WE WANT IS EQUALITY, AND NO ONE IS GOING TO TRAMPLE ON US." (GILARDI'S REMARKS AS CARRIED IN ALL LIMA NEWSPAPERS TODAY.)

6. IN EFFORT TO ENTER USG VIEWS ON RECORD, EMBASSY ISSUED

OWN STATEMENT EVENING JANUARY 23, TEXT OF WHICH WAS REVIEWED
WITH BRANIFF REPRESENTATIVES. TEXT IS AS FOLLOWS:
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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00

PM-03 NSC-05 SP-02 SS-15 RSC-01 CAB-02 CIAE-00

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O R 241610Z JAN 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 3626

INFO AMEMBASSY BUENOS AIRES

LIMITED OFFICIAL USE SECTION 2 OF 2 LIMA 0643

EO 11652: N/A

TAGS: EAIR, PE

SUBJECT: CIVAIR - AEROPERU AND PRESS ATTACK US CIVAIR POSITION
AS GOVERNMENT-TO-GOVERNMENT TALKS CONTINUE

THE EMBASSY OF THE UNITED STATES OF AMERICA BELIEVES
THE FOLLOWING INFORMATION MIGHT BE HELPFUL IN UNDERSTANDING
THE CIVIL AVIATION DISCUSSIONS NOW GOING ON BETWEEN
REPRESENTATIVES OF THE PERUVIAN AND UNITED STATES GOVERNMENTS
AND THEIR RESPECTIVE AIRLINES. THE OBJECTIVE OF THE
UNITED STATES GOVERNMENT AND OF BRANIFF THROUGHOUT THESE
DISCUSSIONS HAS BEEN AND REMAINS TO REACH AN UNDERSTANDING
WITH THE GOVERNMENT OF PERU AND AEROPERU WHICH WILL BE
MUTUALLY BENEFICIAL TO BOTH PARTIES AND WHICH WILL PERMIT
BOTH AIRLINES TO MEET THE GROWING DEMAND FOR AIR TRANSPORT
BETWEEN OUR TWO COUNTRIES.

IT CONTINUES FURTHER TO BE THE POSITION OF THE UNITED
STATES GOVERNMENT THAT THE BEST MANNER TO ENSURE BRANIFF'S

WELFARE IN PERU IS TO PROMOTE THE WELL-BEING OF AEROPERU.
TO THIS END, THE U.S. GOVERNMENT ACCELERATED THE NORMAL
ADMINISTRATIVE PROCESS IN THE UNITED STATES LAST YEAR SO
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THAT AEROPERU WAS ABLE TO OBTAIN ITS OPERATING PERMIT IN
HALF THE TIME NORMALLY REQUIRED. UNDER THIS PERMIT AEROPERU
NOW OPERATES TO AND FROM THE UNITED STATES FREELY AND WITHOUT
RESTRICTIONS.N

THE PERMIT GRANTED AEROPERU FURTHER IMPOSES NO
RESTRAINTS ON THE NUMBER OF FREQUENCIES AEROPERU MAY WISH
TO OPERATE TO AND FROM MIAMI, WASHINGTON AND LOS ANGELES. THE
U.S. HAS ALSO OFFERED PERU ADDITIONAL LANDING RIGHTS AT NEW
YORK IN THE CONTEXT OF AN OVERALL AGREEMENT. AEROPERU IS
FREE TO CARRY OUT ITS OPERATIONS IN ANY MANNER WHICH BEST
SERVES ITS COMMERCIAL INTERESTS, AND THE UNITED STATES
HOPES THAT AEROPERU WILL DO SO.

IN THIS REGARD THE U.S. GOVERNMENT WISHES TO CALL ATTENTION
TO A RECENT PROPOSAL BY BRANIFF WHICH WOULD FACILITATE EVEN
GREATER ACCESS BY AEROPERU TO THE U.S. MARKET. THIS PROPOSAL
COULD CONSTITUTE A CONSTRUCTIVE AND POSITIVE EFFORT TO
ACCOMMODATE PERUVIAN INTERESTS IN SHARING IN THE FAST-GROWING
AIR TRAFFIC BETWEEN OUR TWO COUNTRIES, AND WOULD SERVE TO MEET
EVEN BETTER THE NEEDS OF THE INCREASING FLOW OF TOURISTS,
BUSINESSMEN, AND OTHER TRAVELLERS BETWEEN OUR TWO COUNTRIES.

IT IS IN THIS SPIRIT THAT THE UNITED STATE GOVERNMENT
AND BRANIFF PROPOSE TO CONTINUE TO NEGOTIATE WITH PERU,
SEEKING AN AGREEMENT THAT WILL BEST MEET THE NEEDS OF BOTH
GOVERNMENTS AND BOTH AIRLINES.

7. EMBASSY RELEASE WAS CARRIED VERBATIM IN "LA PRENSA" AND
"EL COMERCIO" ON JANUARY 24 AND WAS WELL COVERED IN OTHER
PAPERS. PAPERS ALSO CARRIED STATEMENT BY BRANIFF REGIONAL
VICE PRESIDENT SOUTH TO EFFECT THAT BRANIFF HAS NOT IN
FACT DECIDED TO CANCEL SERVICE. (FYI. THAT IS,
BRANIFF HAS NEVER SAID IT WOULD SUSPEND SERVICE VOLUN-
TARILY. END FYI) IN ADDITION, PRESS REPORTED THAT AEROPERU
OFFICIALS LEFT YESTERDAY FOR OTHER ANDEAN COUN-
TRIES, ARGENTINA AND PANAMA TO HOLD DISCUSSIONS WITH
OFFICIALS OF THOSE COUNTRIES' AIRLINES IN ORDER TO COORDI-
NATE STRATEGY IN THE EVENT THAT US/PERU CIVIL AIR NEGOTIA-
TIONS COLLAPSE. "AT THE SAME TIME, IT BECAME
KNOWN THAT NEXT SUNDAY A COMMISSION COMPOSED OF THE
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EXECUTIVE PRESIDENT OF AEROPERU (SOTO) AND PERUVIAN GOVERNMENT OFFICIALS WILL LEAVE FOR WASHINGTON IN ORDER TO HOLD INTERVIEWS WITH U.S. OFFICIALS ABOUT THIS MATTER."

8. COMMENT: CHARGE BRIEFLY DISCUSSED NEGOTIATING SITUATION WITH PRIME MINISTER MERCADO ON JANUARY 17, AND THEN (DURING JANUARY 20 VISIT BY AMBASSADOR MAILLIARD) WITH FONMIN DE LA FLOR. CHARGE TOLD LATTER THAT NEGOTIATING IMPASSE HAD BEEN REACHED IN TALKS BETWEEN REPRESENTATIVES OF THE TWO AIRLINES, DESPITE THE FACT THAT BRANIFF HAD JUST PRESENTED A CONSTRUCTIVE AND POSITIVE NEW PROPOSED APPROACH IN EFFORT TO ADVANCE THESE NEGOTIATIONS. THE ONLY THING THAT DE LA FLOR COMMITTED HIMSELF TO DO WAS TO TALK WITH MINTRANSPORT MENESES, AND THIS MAY HAVE OCCURRED IN TIME FOR THIS WEEK'S CABINET SESSION WHICH TOOK PLACE LATE TUESDAY (JANUARY 21). AIR MINISTER GILARDI HAS YET TO AGREE TO CHARGE'S REQUEST FOR A MEETING TO DISCUSS THIS NEGOTIATING SITUATION, AND EMBASSY ASSUMES THAT HIS STATEMENT TO THE PRESS JANUARY 23 IN EFFECT DESCRIBES HIS STANCE ON THE MATTER. IT IS NOW EVIDENT THAT NONE OF THESE CABINET MEMBERS PROVED ABLE OR WILLING TO CHALLENGE THE IDEE FIXE OF THE GOP, I.E., BRANIFF MUST HAVE NO MORE FLIGHTS TO LIMA THAN AEROPERU HAS TO U.S. CITIES AND COMPENSATION MUST BE PAID TO GOP FOR ALL BRANIFF FIFTH FREEDOM TRAFFIC. GENERAL SOTO'S STATEMENT AND THE AEROPERU COMMUNIQUE OF JANUARY 22 ARE CERTAINLY INFLEXIBLE ENOUGH IN THEIR TERMS, AND WE ASSUME THAT THESE VIEWS HAD BEEN CHECKED OUT AND AUTHORIZED BY THE CABINET, POSSIBLY IN ITS JANUARY 21 MEETING. INDEED THESE GOP VIEWS HAVE SO FAR BEEN UNVARYING AND NON-NEGOTIABLE THROUGHOUT THE "NEGOTIATIONS" TO DATE BETWEEN THE TWO GOVERNMENTS OF USG AND BRANIFF TO EXPLORE DIFFERENT FORMULAS TO MEET AEROPERU'S NEEDS. HOWEVER, WE HAVE SO FAR SEEN NO WILLINGNESS ON PART OF GOP TO MEET BRANIFF'S NEEDS. PROSPECTS ARE NOW AT BEST BLEAK FOR ACHIEVING ANY REASONABLE AGREEMENT WITH GOP ON CONTINUING BRANIFF OPERATIONS IN PERU. NEVERTHELESS IT IS MILDLY ENCOURAGING THAT GOP MAY HAVE DECIDED TO SEND A DELEGATION TO WASHINGTON FOR MEETINGS NEXT WEEK WITH USG OFFICIALS. IN ANY EVENT, THE GOP'S APPARENT WILLINGNESS TO KEEP TALKING IS AT LEAST BETTER THAN A FINAL BREAKDOWN IN SUCH TALKS. MEANWHILE EMBASSY, WITH LIMITED OFFICIAL USE

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CONCURRENCE OF STYLES, IS STRIVING TO GET IDEA ACROSS, AS IN OUR JANUARY 23 STATEMENT TO THE PRESS, THAT USG AND BRANIFF ARE CONTINUING TO SEEK A REASONABLE SOLUTION PROVIDING FOR INCREASED PARTICIPATION BY BOTH AEROPERU AND BRANIFF IN THE GROWING AIR TRAFFIC BETWEEN THE TWO

COUNTRIES.

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